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June 24, 2008

RECEIVED

JUN 25 2008

PUBLIC SERVICE  
COMMISSION

Ms. Chris Whelan  
 Kentucky Public Service Commission  
 211 Sower Boulevard  
 Post Office Box 615  
 Frankfort, Kentucky 40602

RE: TVA Fuel Cost Adjustment for 3rd Quarter of 2008

Dear Chris:

Enclosed is a copy of TVA's Retail Fuel Cost adjusted for the 3rd quarter of 2008.

Should you require further information, please let us know.

Sincerely,

SOUTH KENTUCKY RECC

A handwritten signature in cursive script that reads 'Jeffrey Greer'.

Jeffrey Greer  
 Vice President of Finance

JG:cgw

F: TVA Fuel Cost 6-08

PROPOSED RETAIL RATES

MONTICELLO, KENTUCKY

143

Retail Rates Effective July 2008

		Retail Base [1]	Retail April '08 TVA Revenue Adjustment [2]	Retail Base Plus April '08 TVA Revenue Adjustment [3] [1] + [2]	Retail Environmental Adjustment [4]	Retail Fuel Cost Adjustment [5]	July '08 Retail Effective [6] (3)+(4)+(5)
<b>RS</b>	Customer #1 (Net)	\$5.20		\$5.20			\$5.20
<b>RS</b>	Customer #2 (Net)	\$0.00		\$0.00			\$0.00
<b>RS</b>	Surcharge	\$0.00		\$0.00			\$0.00
<b>RS</b>	All kWh	\$0.05852	\$0.01105	\$0.06957	\$0.00302	\$0.00724	\$0.07983
<b>RS</b>	Block1 kWh	\$0.00000	\$0.00000	\$0.00000	\$0.00000	\$0.00000	\$0.00000
<b>RS</b>	Block2 kWh	\$0.00000	\$0.00000	\$0.00000	\$0.00000	\$0.00000	\$0.00000
<b>RS</b>	Block3 kWh	\$0.00000	\$0.00000	\$0.00000	\$0.00000	\$0.00000	\$0.00000
<b>GSA1</b>	Customer #1	\$8.33		\$8.33			\$8.33
<b>GSA1</b>	Customer #2	\$0.00		\$0.00			\$0.00
<b>GSA1</b>	Customer #3	\$0.00		\$0.00			\$0.00
<b>GSA1</b>	Customer #4	\$0.00		\$0.00			\$0.00
<b>GSA1</b>	Surcharge	\$0.00		\$0.00			\$0.00
<b>GSA1</b>	All kWh	\$0.06506	\$0.01253	\$0.07759	\$0.00351	\$0.00716	\$0.08826
<b>GSA1</b>	Block1 kWh	\$0.00000	\$0.00000	\$0.00000	\$0.00000	\$0.00000	\$0.00000
<b>GSA1</b>	Block2 kWh	\$0.00000	\$0.00000	\$0.00000	\$0.00000	\$0.00000	\$0.00000
<b>GSA1</b>	Block3 kWh	\$0.00000	\$0.00000	\$0.00000	\$0.00000	\$0.00000	\$0.00000
<b>GSA2</b>	Customer #1	\$8.33		\$8.33			\$8.33
<b>GSA2</b>	Customer #2	\$0.00		\$0.00			\$0.00
<b>GSA2</b>	Customer #3	\$0.00		\$0.00			\$0.00
<b>GSA2</b>	Customer #4	\$0.00		\$0.00			\$0.00
<b>GSA2</b>	Surcharge	\$0.00		\$0.00			\$0.00
<b>GSA2</b>	kW, 51-1,000	\$9.22	\$1.71	\$10.93	\$0.45		\$11.38
<b>GSA2</b>	1st 15,000 kWh	\$0.06576	\$0.01253	\$0.07829	\$0.00351	\$0.00716	\$0.08896
<b>GSA2</b>	Additional kWh	\$0.03409	\$0.00706	\$0.04115	\$0.00197	\$0.00706	\$0.05018
<b>GSA3</b>	Customer #1	\$8.33		\$8.33			\$8.33
<b>GSA3</b>	Customer #2	\$0.00		\$0.00			\$0.00
<b>GSA3</b>	Surcharge	\$0.00		\$0.00			\$0.00
<b>GSA3</b>	kW, 0-1,000	\$8.74	\$1.79	\$10.53	\$0.49		\$11.02
<b>GSA3</b>	kW, 1,001 - 5,000	\$10.17	\$2.13	\$12.30	\$0.60		\$12.90
<b>GSA3</b>	Block 2 kW	\$0.00	\$0.00	\$0.00	\$0.00		\$0.00
<b>GSA3</b>	Block 3 kW	\$0.00	\$0.00	\$0.00	\$0.00		\$0.00
<b>GSA3</b>	All kWh	\$0.03481	\$0.00706	\$0.04187	\$0.00197	\$0.00706	\$0.05090
<b>GSA3</b>	Block 1 kWh	\$0.00000	\$0.00000	\$0.00000	\$0.00000	\$0.00000	\$0.00000
<b>GSA3</b>	Block 2 kWh	\$0.00000	\$0.00000	\$0.00000	\$0.00000	\$0.00000	\$0.00000
<b>GSB</b>	Customer	\$1,500.00		\$1,500.00			\$1,500.00
<b>GSB</b>	Surcharge	\$0.00		\$0.00			\$0.00
<b>GSB</b>	All kW	\$10.97	\$2.20	\$13.17	\$0.61		\$13.78
<b>GSB</b>	First 620 HUD	\$0.02860	\$0.00632	\$0.03492	\$0.00175	\$0.00707	\$0.04374
<b>GSB</b>	Additional HUD	\$0.02334	\$0.00515	\$0.02849	\$0.00143	\$0.00707	\$0.03699
<b>GSC</b>	Customer	\$1,500.00		\$1,500.00			\$1,500.00
<b>GSC</b>	Surcharge	\$0.00		\$0.00			\$0.00
<b>GSC</b>	All kW	\$10.46	\$2.20	\$12.66	\$0.61		\$13.27
<b>GSC</b>	First 620 HUD	\$0.02860	\$0.00632	\$0.03492	\$0.00175	\$0.00707	\$0.04374
<b>GSC</b>	Additional HUD	\$0.02334	\$0.00515	\$0.02849	\$0.00143	\$0.00707	\$0.03699
<b>GSD</b>	Customer	\$1,500.00		\$1,500.00			\$1,500.00
<b>GSD</b>	Surcharge	\$0.00		\$0.00			\$0.00
<b>GSD</b>	All kW	\$12.75	\$2.73	\$15.48	\$0.75		\$16.23
<b>GSD</b>	All kWh	\$0.02293	\$0.00507	\$0.02800	\$0.00140	\$0.00707	\$0.03647
<b>MSB Part 1</b>	Customer	\$1,500.00		\$1,500.00			\$1,500.00
<b>MSB Part 1</b>	Surcharge	\$0.00		\$0.00			\$0.00
<b>MSB Part 1</b>	All kW	\$9.49	\$1.88	\$11.37	\$0.52		\$11.89

PROPOSED RETAIL RATES

MONTICELLO, KENTUCKY

143

Retail Rates Effective July 2008

		Retail Base [1]	Retail April '08 TVA Revenue Adjustment [2]	Retail Base Plus April '08 TVA Revenue Adjustment [3] [1] + [2]	Retail Environmental Adjustment [4]	Retail Fuel Cost Adjustment [5]	July '08 Retail Effective [6] (3)+(4)+(5)
<b>MSB Part 1</b>	First 620 HUD	\$0.02435	\$0.00538	\$0.02973	\$0.00149	\$0.00707	\$0.03829
<b>MSB Part 1</b>	Additional HUD	\$0.01987	\$0.00438	\$0.02425	\$0.00122	\$0.00707	\$0.03254
<b>MSB Part 2</b>	Customer	\$1,500.00		\$1,500.00			\$1,500.00
<b>MSB Part 2</b>	Surcharge	\$0.00		\$0.00			\$0.00
<b>MSB Part 2</b>	All kW	\$9.02	\$1.77	\$10.79	\$0.49		\$11.28
<b>MSB Part 2</b>	First 620 HUD	\$0.02312	\$0.00510	\$0.02822	\$0.00142	\$0.00707	\$0.03671
<b>MSB Part 2</b>	Additional HUD	\$0.01888	\$0.00418	\$0.02306	\$0.00115	\$0.00707	\$0.03128
<b>MSC</b>	Customer	\$1,500.00		\$1,500.00			\$1,500.00
<b>MSC</b>	Surcharge	\$0.00		\$0.00			\$0.00
<b>MSC</b>	All kW	\$8.51	\$1.77	\$10.28	\$0.49		\$11.77
<b>MSC</b>	First 620 HUD	\$0.02312	\$0.00510	\$0.02822	\$0.00142	\$0.00707	\$0.03671
<b>MSC</b>	Additional HUD	\$0.01888	\$0.00418	\$0.02306	\$0.00115	\$0.00707	\$0.03128
<b>MSD</b>	Customer	\$1,500.00		\$1,500.00			\$1,500.00
<b>MSD</b>	Surcharge	\$0.00		\$0.00			\$0.00
<b>MSD</b>	All kW	\$10.36	\$2.20	\$12.56	\$0.61		\$13.17
<b>MSD</b>	All kWh	\$0.01854	\$0.00409	\$0.02263	\$0.00113	\$0.00707	\$0.03083
<b>OL</b>	All kWh	\$0.04416	\$0.00724	\$0.05140	\$0.00204	\$0.00724	\$0.06068
<b>DPS</b>	Customer	\$0.00		\$0.00			\$0.00
<b>DPS</b>	All kWh	\$0.00000	\$0.00000	\$0.00000	\$0.00000	\$0.00000	\$0.00000
<b>TRS</b>	Customer (Net)	\$0.00		\$0.00			\$0.00
<b>TRS</b>	Onpeak kWh	\$0.00000	\$0.00000	\$0.00000	\$0.00000	\$0.00000	\$0.00000
<b>TRS</b>	Offpeak kWh	\$0.00000	\$0.00000	\$0.00000	\$0.00000	\$0.00000	\$0.00000
<b>TGSA1</b>	Customer #1	\$0.00		\$0.00			\$0.00
<b>TGSA1</b>	Customer #2	\$0.00		\$0.00			\$0.00
<b>TGSA1</b>	Surcharge	\$0.00		\$0.00			\$0.00
<b>TGSA1</b>	Onpeak kWh	\$0.00000	\$0.00000	\$0.00000	\$0.00000	\$0.00000	\$0.00000
<b>TGSA1</b>	Offpeak kWh	\$0.00000	\$0.00000	\$0.00000	\$0.00000	\$0.00000	\$0.00000
<b>TGSA2</b>	Customer #1	\$0.00		\$0.00			\$0.00
<b>TGSA2</b>	Customer #2	\$0.00		\$0.00			\$0.00
<b>TGSA2</b>	Surcharge	\$0.00		\$0.00			\$0.00
<b>TGSA2</b>	Onpeak kW	\$0.00	\$0.00	\$0.00	\$0.00		\$0.00
<b>TGSA2</b>	Offpeak Excess kW	\$0.00	\$0.00	\$0.00	\$0.00		\$0.00
<b>TGSA2</b>	DCC	\$0.00		\$0.00			\$0.00
<b>TGSA2</b>	Onpeak kWh	\$0.00000	\$0.00000	\$0.00000	\$0.00000	\$0.00000	\$0.00000
<b>TGSA2</b>	Offpeak kWh	\$0.00000	\$0.00000	\$0.00000	\$0.00000	\$0.00000	\$0.00000
<b>TGSA3</b>	Customer #1	\$0.00		\$0.00			\$0.00
<b>TGSA3</b>	Customer #2	\$0.00		\$0.00			\$0.00
<b>TGSA3</b>	Surcharge	\$0.00		\$0.00			\$0.00
<b>TGSA3</b>	Onpeak kW	\$0.00	\$0.00	\$0.00	\$0.00		\$0.00
<b>TGSA3</b>	Offpeak Excess kW	\$0.00	\$0.00	\$0.00	\$0.00		\$0.00
<b>TGSA3</b>	DCC	\$0.00		\$0.00			\$0.00
<b>TGSA3</b>	Onpeak kWh	\$0.00000	\$0.00000	\$0.00000	\$0.00000	\$0.00000	\$0.00000
<b>TGSA3</b>	Offpeak kWh	\$0.00000	\$0.00000	\$0.00000	\$0.00000	\$0.00000	\$0.00000
<b>TGSB</b>	Customer	\$1,500.00		\$1,500.00			\$1,500.00
<b>TGSB</b>	Surcharge	\$0.00		\$0.00			\$0.00
<b>TGSB</b>	Onpeak kW	\$10.97	\$2.20	\$13.17	\$0.61		\$13.78
<b>TGSB</b>	Offpeak Excess kW	\$1.89	\$0.20	\$2.09	\$0.05		\$2.14
<b>TGSB</b>	Onpeak kWh	\$0.03851	\$0.00852	\$0.04703	\$0.00236	\$0.00707	\$0.05646
<b>TGSB</b>	Offpeak kWh	\$0.02274	\$0.00502	\$0.02776	\$0.00139	\$0.00707	\$0.03622

PROPOSED RETAIL RATES

MONTICELLO, KENTUCKY

143

Retail Rates Effective July 2008

		Retail Base [1]	Retail April '08 TVA Revenue Adjustment [2]	Retail Base Plus April '08 TVA Revenue Adjustment [3] [1] + [2]	Retail Environmental Adjustment [4]	Retail Fuel Cost Adjustment [5]	July '08 Retail Effective [6] (3)+(4)+(5)
<b>TGSC</b>	Customer	\$1,500.00		\$1,500.00			\$1,500.00
<b>TGSC</b>	Surcharge	\$0.00		\$0.00			\$0.00
<b>TGSC</b>	Onpeak kW	\$10.46	\$2.20	\$12.66	\$0.61		\$13.27
<b>TGSC</b>	Offpeak Excess kW	\$1.38	\$0.20	\$1.58	\$0.05		\$1.63
<b>TGSC</b>	Onpeak kWh	\$0.03851	\$0.00852	\$0.04703	\$0.00236	\$0.00707	\$0.05646
<b>TGSC</b>	Offpeak kWh	\$0.02274	\$0.00502	\$0.02776	\$0.00139	\$0.00707	\$0.03622
<b>TGSD</b>	Customer	\$1,500.00		\$1,500.00			\$1,500.00
<b>TGSD</b>	Surcharge	\$0.00		\$0.00			\$0.00
<b>TGSD</b>	Onpeak kW	\$12.85	\$2.74	\$15.59	\$0.76		\$16.35
<b>TGSD</b>	Offpeak Excess kW	\$1.89	\$0.35	\$2.24	\$0.09		\$2.33
<b>TGSD</b>	Onpeak kWh	\$0.02396	\$0.00529	\$0.02925	\$0.00147	\$0.00707	\$0.03779
<b>TGSD</b>	Offpeak kWh	\$0.02237	\$0.00494	\$0.02731	\$0.00137	\$0.00707	\$0.03575
<b>TMSB Part 1</b>	Customer	\$1,500.00		\$1,500.00			\$1,500.00
<b>TMSB Part 1</b>	Surcharge	\$0.00		\$0.00			\$0.00
<b>TMSB Part 1</b>	Onpeak kW	\$9.49	\$1.88	\$11.37	\$0.52		\$11.89
<b>TMSB Part 1</b>	Offpeak Excess kW	\$1.76	\$0.17	\$1.93	\$0.04		\$1.97
<b>TMSB Part 1</b>	Onpeak kWh	\$0.03280	\$0.00722	\$0.04002	\$0.00201	\$0.00707	\$0.04910
<b>TMSB Part 1</b>	Offpeak kWh	\$0.01935	\$0.00428	\$0.02363	\$0.00118	\$0.00707	\$0.03188
<b>TMSB Part 2</b>	Customer	\$1,500.00		\$1,500.00			\$1,500.00
<b>TMSB Part 2</b>	Surcharge	\$0.00		\$0.00			\$0.00
<b>TMSB Part 2</b>	Onpeak kW	\$9.02	\$1.77	\$10.79	\$0.49		\$11.28
<b>TMSB Part 2</b>	Offpeak Excess kW	\$1.67	\$0.14	\$1.81	\$0.04		\$1.85
<b>TMSB Part 2</b>	Onpeak kWh	\$0.03115	\$0.00687	\$0.03802	\$0.00191	\$0.00707	\$0.04700
<b>TMSB Part 2</b>	Offpeak kWh	\$0.01838	\$0.00407	\$0.02245	\$0.00112	\$0.00707	\$0.03064
<b>TMSC</b>	Customer	\$1,500.00		\$1,500.00			\$1,500.00
<b>TMSC</b>	Surcharge	\$0.00		\$0.00			\$0.00
<b>TMSC</b>	Onpeak kW	\$8.53	\$1.77	\$10.30	\$0.49		\$10.79
<b>TMSC</b>	Offpeak Excess kW	\$1.19	\$0.17	\$1.36	\$0.04		\$1.40
<b>TMSC</b>	Onpeak kWh	\$0.03115	\$0.00687	\$0.03802	\$0.00191	\$0.00707	\$0.04700
<b>TMSC</b>	Offpeak kWh	\$0.01838	\$0.00407	\$0.02245	\$0.00112	\$0.00707	\$0.03064
<b>TMSD</b>	Customer	\$1,500.00		\$1,500.00			\$1,500.00
<b>TMSD</b>	Surcharge	\$0.00		\$0.00			\$0.00
<b>TMSD</b>	Onpeak kW	\$10.77	\$2.28	\$13.05	\$0.64		\$13.69
<b>TMSD</b>	Offpeak Excess kW	\$1.62	\$0.27	\$1.89	\$0.07		\$1.96
<b>TMSD</b>	Onpeak kWh	\$0.02000	\$0.00441	\$0.02441	\$0.00123	\$0.00707	\$0.03271
<b>TMSD</b>	Offpeak kWh	\$0.01867	\$0.00414	\$0.02281	\$0.00114	\$0.00707	\$0.03102